



# GENERAL ASSEMBLY

## COMMONWEALTH OF KENTUCKY

### 2009 REGULAR SESSION

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HOUSE BILL NO. 480

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MONDAY, MARCH 9, 2009

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The following bill was reported to the Senate from the House and ordered to be printed.

RECEIVED AND FILED  
DATE March 24, 2009  
11:41 Am  
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TREY GRAYSON  
SECRETARY OF STATE  
COMMONWEALTH OF KENTUCKY  
BY R. Adler



AN ACT relating to loan forgiveness and declaring an emergency.

***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

➔Section 1. KRS 164.769 is amended to read as follows:

(1) It is the intent of the General Assembly to establish a teacher scholarship program to assist highly qualified individuals to become certified Kentucky teachers and render teaching service in Kentucky schools.

(2) For purposes of this section, the terms listed below shall have the following meanings:

(a) "Critical shortage area" means an understaffing of teachers in particular subject matters at the secondary level, in grade levels, or in geographic locations at the elementary and secondary level, as determined by the commissioner of education in consultation with the authority. The commissioner and the authority may use any source considered reliable including, but not limited to, local education agencies to identify the critical shortage areas.

(b) "Eligible program of study" means an undergraduate or graduate program of study which is preparatory to initial teacher certification.

(c) "Expected family contribution" means the amount that a student and his family are expected to contribute toward the cost of the student's education determined by applying methodology set forth in 20 U.S.C. sec. 1087 kk to 1087 vv.

(d) "Participating institution" means an institution of higher education located in Kentucky which offers an eligible program of study and has in force an agreement with the authority providing for administration of this program.

(e) "Qualified teaching service" means teaching the major portion of each school day for at least seventy (70) days each semester in a public school of the Commonwealth or a private school certified pursuant to KRS 156.160(3),



1           except that an individual having a disability defined by Title II of the  
2           Americans with Disabilities Act (42 U.S.C. secs. 12131 et seq.), whose  
3           disability, certified by a licensed physician, prevents that individual from  
4           teaching a major portion of each school day, shall be deemed to perform  
5           qualified teaching service by teaching the maximum time permitted by the  
6           attending physician.

7           (f) "Semester" means a period of about eighteen (18) weeks, which usually makes  
8           up one-half (1/2) of a school year or one-half (1/2) of a participating  
9           institution's academic year.

10          (g) "Summer term" means an academic period consisting of one (1) or more  
11          sessions of instruction between a spring and a fall semester.

12       (3) The authority may, to the extent of appropriations and other funds available to it  
13       pursuant to subsection (9) of this section, award teacher scholarships to persons  
14       eligible under subsection (4) of this section, who initially demonstrate financial  
15       need in accordance with standards and criteria established by the authority or  
16       received teacher scholarships pursuant to this section prior to July 1, 1996. Each  
17       teacher scholarship shall be evidenced by a promissory note that requires repayment  
18       or cancellation pursuant to subsection (6) of this section.

19       (4) Kentucky residents who are United States citizens and enrolled or accepted for  
20       enrollment in an eligible program of study on a full-time basis at a participating  
21       institution shall be eligible to apply for and be awarded teacher scholarships.  
22       Teacher scholarships shall first be awarded to highly qualified eligible students who  
23       meet standards and requirements established by the Education Professional  
24       Standards Board pursuant to KRS 161.028 for admission to a teacher education  
25       program at a participating institution or who received teacher scholarships pursuant  
26       to this section prior to July 1, 1996. If funds are not depleted after awarding teacher  
27       scholarships to students who meet the preceding criteria, then awards shall be made



1 to any otherwise eligible students seeking admission to a teacher education  
2 program.

- 3 (5) The authority shall establish, by administrative regulation, the maximum amount of  
4 scholarship to be awarded for each semester and summer term under this section,  
5 and shall prorate the amount awarded to any student enrolled less than full-time in  
6 accordance with paragraph (6)(a) of this section. The aggregate amount of  
7 scholarships awarded to an individual shall not exceed twelve thousand five  
8 hundred dollars (\$12,500) for undergraduate students and seven thousand five  
9 hundred dollars (\$7,500) for postbaccalaureate students, except that the aggregate  
10 amount of scholarships awarded to an individual who received teacher scholarships  
11 pursuant to this section prior to July 1, 1996, including any amount received  
12 pursuant to KRS 156.611, 156.613, 164.768, or 164.770, shall not exceed twenty  
13 thousand dollars (\$20,000), and the amount of each scholarship to be awarded shall  
14 not exceed the applicant's total cost of education minus other financial assistance  
15 received or expected to be received by the applicant during the academic period.

- 16 (6) (a) The authority shall disburse teacher scholarships to eligible students who  
17 agree to render qualified teaching service as certified teachers, and are  
18 unconditionally admitted and enrolled in an eligible program of study on a  
19 full-time basis, except that disbursements may be made to otherwise eligible  
20 students enrolled less than full-time in the semester or summer term in which  
21 the eligible program of study will be completed or otherwise eligible students  
22 having a disability defined by Title II of the Americans with Disabilities Act  
23 (42 U.S.C. secs. 12131 et seq.), who have been certified by a licensed  
24 physician to be unable to attend the eligible program of study full-time  
25 because of the disability. Teacher scholarships shall be disbursed to eligible  
26 students who received teacher scholarships pursuant to this section for  
27 recertification in a critical shortage area prior to July 1, 1996, who are enrolled



1 in and continuing toward completion of their program of study, and who agree  
2 to render qualified teaching service as certified teachers.

3 (b) A teacher scholarship shall not be awarded or a promissory note cancellation  
4 shall not be granted to any person who is in default on any obligation to the  
5 authority under any program administered by the authority pursuant to KRS  
6 164.740 to 164.785 until financial obligations to the authority are satisfied,  
7 except that ineligibility for this reason may be waived by the authority for  
8 cause.

9 (c) Recipients shall render one (1) semester of qualified teaching service for each  
10 semester or summer term of scholarship received, except that recipients who  
11 teach in a critical shortage area designated by the authority shall render one (1)  
12 semester of qualified teaching service as repayment for two (2) semesters or  
13 summer terms of scholarships received. Upon completion of each semester of  
14 qualified teacher service, the authority shall cancel the appropriate number of  
15 promissory notes.

16 (d) If the recipient of a teacher scholarship fails to complete an eligible program  
17 of study at a participating institution or fails to render qualified teaching  
18 service in any semester following certification or recertification, unless the  
19 failure is temporarily waived for cause by the authority, the recipient shall  
20 immediately become liable to the authority for repayment of the sum of all  
21 outstanding promissory notes and accrued interest. Persons liable for  
22 repayment of scholarships under this paragraph shall be liable for interest  
23 accruing from the dates on which the teacher scholarships were disbursed.

24 (e) Recipients who have outstanding loans or scholarships under KRS 156.611,  
25 156.613, 164.768, or 164.770 respectively, and who render qualified teaching  
26 service, shall have their notes canceled in accordance with subsection (6)(c) of  
27 this section.



(f) The authority shall establish, by administrative regulation, the terms and conditions for the award, cancellation, and repayment of teacher scholarships including, but not limited to, the selection criteria, eligibility for renewal awards, amount of scholarship payments, deferments, the rate of repayment, and the interest rate thereon.

(g) Notwithstanding any other statute to the contrary, the maximum interest rate applicable to repayment of a promissory note under this section shall be twelve percent (12%) per annum, except that if a judgment is rendered to recover payment, the judgment shall bear interest at the rate of five percent (5%) greater than the rate actually charged on the promissory note.

(7) A repayment obligation imposed by this section shall not be voidable by reason of the age of the recipient at the time of receiving the teacher scholarship.

(8) Failure to meet repayment obligations imposed by this section shall be cause for the revocation of a person's teaching certificate, subject to the procedures set forth in KRS 161.120.

(9) All moneys repaid to the authority under this section shall be added to the appropriations made for purposes of this section, and the funds and unobligated appropriations shall not lapse.

(10) The authority may execute appropriate contracts and promissory notes for administering this section.

(11) Notwithstanding any other statute to the contrary, if available funds are insufficient for all requested scholarships for eligible applicants during any fiscal year, the authority shall give priority consideration to eligible applicants who previously received teacher scholarships and to loan forgiveness for teachers who have outstanding loan balance eligibility for Best in Class loans issued prior to June 30, 2008. If funds are insufficient to make all requested renewal scholarships to eligible applicants, the authority shall reduce all scholarship awards to the extent



necessary to provide scholarships to all qualified renewal applicants. If, after awarding all eligible renewal applicants, funds are not depleted, initial applications shall be ranked according to regulatory selection criteria, which may include expected family contribution and application date, and awards shall be made to highly qualified applicants until funds are depleted.

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO READ AS FOLLOWS:

(1) For purposes of this section, the terms "Best in Class for Teachers," "Best in Care for Nurses," and "Best in Law for Public Service Attorneys" means the loan forgiveness programs established by the Higher Education Assistance Authority under its authority in KRS 164.744(2) and 164.748(7). The term "eligible program participant" means an individual who has an outstanding loan balance on a loan related to these loan forgiveness programs that were issued prior to June 30, 2008.

(2) In the event that there are insufficient funds available from any source that can be used by the Kentucky Higher Education Assistance Authority to provide loan forgiveness for an eligible program participant, the authority shall negotiate an extended repayment schedule upon request by an eligible participant. The negotiated schedule shall be in compliance with federal loan requirements. Notwithstanding any other statute to the contrary, an eligible program participant in this repayment schedule shall not forfeit eligibility for other loans or scholarships that become available.

➔Section 3. The Governor is urged to encourage our Congressional delegation to provide federal American Recovery and Reinvestment Act funds or other federal funds to enable the Kentucky Higher Education Assistance Authority to honor its commitment to provide loan forgiveness for eligible program participants.

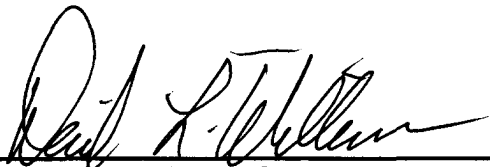
➔Section 4. Whereas the Kentucky Higher Education Assistance Authority



1 created the Best in Class for Teachers, Best in Care for Nurses, and Best in Law for  
2 Public Service Attorneys loan forgiveness programs to recruit individuals into professions  
3 experiencing shortages throughout the Commonwealth and whereas individuals who were  
4 accepted for related loans prior to June 30, 2008 have honored their commitments in a  
5 good faith expectation of loan forgiveness, an emergency is declared to exist, and this Act  
6 takes effect upon its passage and approval by the Governor or upon its otherwise  
7 becoming law.



  
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Speaker-House of Representatives

  
\_\_\_\_\_  
President of Senate

Attest:   
\_\_\_\_\_  
Chief Clerk of House of Representatives

Approved   
\_\_\_\_\_  
Governor

Date March 24, 2009